Understanding Crossover Payments

What is Changing

Effective July 1, 2008, TennCare changed the way it pays in the cost sharing component of Part B after Medicare has already sent a payment to the dual member's provider. This change affects less than one-fifth of the claims paid by TennCare.

For most providers, this change will not affect reimbursement. This change also has no effect on payments to providers through TennCare's managed care contractors. Those payments are negotiated by the individual provider and the MCO.

The payments that will be affected are for those providers who were receiving a payment from Medicare and, unlike other providers, also receiving a payment from TennCare (the 20 percent that was paid after the premiums and deductibles)

As part of the FY 2009 budget reductions, TennCare proposed this change to the reimbursement methodology for Medicare Part B cost sharing and included the change in its numerous budget presentations starting in November 2007.

TennCare will continue to pay all Medicare Part B premiums for duals. TennCare will also cover the enrollee's Part B deductible, up to 80% of Medicare allowable.

80% of Medicare allowable is a fair rate for the service and in fact is often more than what a traditional TennCare provider receives.

Why is the payment structure changing

With our country's economic downturn, all families, businesses and government programs have had to tighten their belts.

TennCare had few choices when recommending budget reductions for fiscal year 2009. Instead of reducing the categories of eligibility for our members or placing annual limits on services like hospital stays, lab and x-rays or doctors visits or reducing provider payments across the board, TennCare choose to recommend the above provider rate equalization method that makes crossover payments equitable for all providers.

As outlined on page 11 of TennCare's budget presentation, TennCare's FY 2009 budget is predicated on the achievement of $35,294,300 in savings from this pricing change.

TennCare's recommendation was accepted and included in the budget passed the General Assembly in May of 2008. The change took effect when the state's new fiscal year began July 1, 2008. This change is not the only reduction in expenditures that is included in TennCare's approved budget.

With that in mind, the state's revenue picture continues to fall short of budgetary projections. There is a great possibility that the FY 2010 budget will call for further reductions.

This change will not affect TennCare members

This reimbursement reduction effects provider reimbursement. Providers still must serve duals if they choose to participate in the federal Medicare program.

Providers may not balance bill TennCare enrollees.

Difference between Medicare and Medicaid

Medicare is a federal health insurance program for all Americans over age 65, some disabled people under age 65, and anyone with end-stage renal disease. There are over 40 million Americans on Medicare (or 98% of Americans over age 65).

Medicare consists of three general components – part A: Hospital insurance, part B: covers eligible physician services, outpatient hospital services, certain home health services, durable medical equipment, and part D: pharmacy coverage.

Medicaid is a state and federal partnership that provides comprehensive health insurance benefits to low-income children, pregnant women and people with disabilities. TennCare is Tennessee's Medicaid program. There are 1.2 million Tennesseans on TennCare.

What is a "dual" eligible

Approximately 200,000 Tennesseans are on both programs. They are on Medicare AND are very low income and fit into a category that qualifies them for TennCare.

We refer to people who are covered by Medicare and TennCare as "duals." A typical dual eligibility is over age 65 and very low income.

Medicare is not free care from the government

Part A:
Americans workers pay payroll taxes throughout their working careers that finance Part A (hospital insurance). If you did not work during your life, or did not work enough, you will be required to pay a Part A premium. You also must pay a deductible ($1,024 in 2008) if you actually stay in the hospital. You must also pay cost sharing if you stay in the hospital over 60 days and you must pay all costs if you stay in a hospital over 150 days.

Part B:
Enrollees pay a *premium* of $96.40 per month, a *deductible* of $135 per year, and 20% of all costs after the deductible has been meet (called *Cost Sharing*).

Part D:
Enrollees premiums and cost sharing is based upon their choice of participating drug plans and this varies greatly.

Duals do not have to participate in the Medicare cost sharing like other Americans

State governments are responsible for the cost sharing components for Dual eligibles. The State of Tennessee, for example, spent over $650 million dollars on cost sharing for Dual members in FY 2008. A vast majority of this expense ($534 million) is the state paying the monthly premiums into Medicare Part A, B, and D on behalf of the duals.

TennCare is not changing those arrangements. The state will also continue to pay all cost sharing associated with Medicare Part A and Part D.

Prior to Crossover Payment Change

TennCare paid:

Part A premium for individuals who never worked or didn't work enough ($233 to $423 per month in 2008)
Part A deductible for hospital days 1 through 60 ($1,024)
Part A cost sharing for hospital day 61-90 ($256 per day)
Part A cost sharing for hospital day 91-150 ($512 per day)
Part A cost sharing for over 150 days in hospital ($ all cost)
Part A cost sharing for nursing home days 21-100 ($128 per day)
Part B premiums ($96.40 per month)
Part B deductibles ($135)
Part B cost sharing (usually 20% of Medicare allowable rate, some services receive a larger percentage)
Part D low income monthly subsidy ($100.23 per month)

After Crossover Payment Change (enacted in FY 2009 Budget)

TennCare still pays:

Part A premium for individuals who never worked or didn't work enough ($233 to $423 per month in 2008)
Part A deductible for hospital days 1 through 60 ($1,024)
Part A cost sharing for hospital day 61-90 ($256 per day)
Part A cost sharing for hospital day 91-150 ($512 per day)
Part A cost sharing for over 150 days in hospital ($ all cost)
Part A cost sharing for nursing home days 21-100 ($128 per day)
Part B premiums ($96.40 per month)
Part B deductibles ($135, up to 80% of Medicare allowable rate)
Part D low income monthly subsidy ($100.23 per month)